

CHAPTER NO. 311

HOUSE BILL NO. 2088

By Representatives Briley, Tindell, Armstrong, Hargett, Sargent, Eldridge, Overbey, Hood, Fowlkes, Coleman, Litz, Vaughn, Moore, McKee, Sontany, Swafford, Odom, Mike Turner, West, Sherry Jones, Langster, Pruitt, Harwell, Bowers, Marrero, McDaniel, Harrison, Hill, Matheny, DuBois, Stanley, Hargrove, Shaw

Substituted for: Senate Bill No. 731

By Senators Haynes, Ramsey, Williams, Burchett, Crutchfield, Ford, Bryson, Burks, McLeary

AN ACT to amend Chapter 357 of the Public Acts of 2003, as amended by Chapter 959 of the Public Acts of 2004, and Chapter 959 of the Public Acts of 2004, relative to taxation.

WHEREAS, Chapter 357 of the Public Acts of 2003, as amended by Chapter 959 of the Public Acts of 2004, brings Tennessee into conformance with the Streamlined Sales and Use Tax Agreement; and

WHEREAS, converting Tennessee's sales tax system from origin based sourcing to destination based sourcing will require businesses to make substantial changes in tax reporting and accounting procedures; and

WHEREAS, the state and local revenue effects of conformance with the Streamlined Sales and Use Tax Agreement are largely unknown; and

WHEREAS, conformance with the Streamlined Sales and Use Tax Agreement will not, by itself, compel out of state vendors with no physical presence in Tennessee to collect and remit Tennessee's state and local sales and use taxes; and

WHEREAS, Congressional action has not yet been taken on corresponding federal legislation; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Section 82 of Chapter 357 of the Public Acts of 2003, as amended by Section 68 of the Chapter 959 of the Public Acts of 2004, is amended by deleting the date "12:01 a.m. on July 1, 2005" and by substituting instead the date "12:01 a.m. on July 1, 2007".

SECTION 2. Section 70 of Chapter 959 of the Public Acts of 2004, is amended by deleting the date "12:02 a.m. on July 1, 2005" and by substituting instead the date "12:02 a.m. on July 1, 2007".

SECTION 3. Section 81 of Chapter 357 of the Public Acts of 2003, is amended by deleting the date "on January 1, 2006," and by substituting instead the date "at 12:03 a.m. on July 1, 2007,".

SECTION 4. The state officials designated as delegates to the multi-state discussions on the streamlined sales and use tax agreement pursuant to §67-6-804 are directed to study the following issues and report their findings and recommendations, if any, to the chairs of the senate and house finance, ways and means committees by December 31, 2006:

- (1) The revenue distributional effects of changing from situs to destination sourcing of sales and proposals to hold units of local government harmless from such effects;
- (2) The effect on small retailers of the implementation of the streamlined sales tax and options to mitigate against such effects; and
- (3) Such other issues as are deemed appropriate.

In conducting this study, such officials shall be joined by a representative of municipal governments, designated by the Tennessee municipal league, a representative of county governments, designated by the Tennessee county services association, a representative of the business community, designated by the commissioner of revenue in consultation with the Tennessee retail association, the Tennessee chamber of commerce and industry and the national federation of independent business. Members so designated shall serve without compensation or reimbursement of expenses. Upon request, such officials shall be assisted by appropriate agencies of state government including, but not limited to, the Tennessee advisory commission on intergovernmental relations and the department of revenue.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 19, 2005


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES


JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 6th day of June 2005


PHIL BREDESEN, GOVERNOR